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South Louisiana Economic Council
Assumption • Lafourche • St. Mary • Terrebonne

Financial Reports

December 31, 2002

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Release Date 8-6-03

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
Financial Reports
December 31, 2002

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A PROFESSIONAL CORPORATION

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MARK S. FELGER, CPA

CLAUDE E. BERGERON, CPA
(RETIRED)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana

We have audited the accompanying statement of financial position of South Louisiana Economic Council, Inc. (a non-profit organization) as of December 31, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Louisiana Economic Council, Inc. as of December 31, 2002, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2003 on our consideration of South Louisiana Economic Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of South Louisiana Economic Council, Inc. taken as a whole. The accompanying supplementary schedule of expenses presented in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

June 4, 2003

Bergeron & Lanaux

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Statement of Financial Position

December 31, 2002

ASSETS

Current assets:

Cash	\$ 155,379	
Grant and contract receivables	18,503	
Prepaid auto lease	8,964	
Prepaid insurance	303	
Total current assets	<u> </u>	\$ 183,149

Property and equipment:

Office furniture and equipment	84,907	
Less accumulated depreciation	<u>(58,020)</u>	
Property and equipment, net		26,887

Other assets:

Prepaid printing	3,750	
Deposits	<u>606</u>	
Total other assets		4,356
Total assets		<u><u>\$ 214,392</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 14,425	
Refundable advances	1,195	
Other accrued liabilities	<u>4,583</u>	
Total current liabilities		<u>\$ 20,203</u>
Total liabilities		20,203

Net assets:

Unrestricted net assets	<u>194,189</u>	
Total net assets		194,189
Total liabilities and net assets		<u><u>\$ 214,392</u></u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2002

Unrestricted support and revenues:

Governmental grants	\$ 204,612	
Private donations	153,676	
Seminar and conference sponsorship revenues	8,961	
Use of contributed facility	9,100	
Interest income	<u>2,963</u>	
Total unrestricted support and revenues		\$ 379,312

Expenses and losses:

Economic development expenses	249,790	
General and administrative expenses	172,676	
Loss on disposal of assets	<u>3,342</u>	
Total expenses and losses		<u>425,808</u>

Increase (decrease) in unrestricted net assets (46,496)

Unrestricted net assets:

Beginning of year, as restated	<u>240,685</u>
Unrestricted net assets at end of year	<u><u>\$ 194,189</u></u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Statement of Cash Flows
Year Ended December 31, 2002

Cash flows from operating activities:	
Decrease in unrestricted net assets	\$ (46,496)
Noncash adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	11,165
Loss on disposal of fixed assets	3,343
Net changes in operating assets and liabilities:	
Decrease in grants and contracts receivable	41,660
Decrease in prepaid auto lease	8,964
Decrease in agency receivable	7,181
Increase in accounts payable	5,312
Decrease in refundable advances	(593)
Decrease in other accrued liabilities	<u>(743)</u>
Net cash flows from operating activities	<u>29,793</u>
Cash flows from investing activities:	
Purchase of furniture and building renovations	<u>(18,368)</u>
Net cash flows from investing activities	<u>(18,368)</u>
Net increase (decrease) in cash	11,425
Cash at beginning of year	<u>143,954</u>
Cash at end of year	<u><u>\$ 155,379</u></u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

1) Nature of Activities

The South Louisiana Economic Council, Inc. (the Council), a non-profit corporation, was organized on March 16, 1984, to encourage economic development in the four parish area of Assumption, Lafourche, St. Mary, and Terrebonne. The objective of the Council is to spur economic growth by encouraging and facilitating existing local industry to expand and to entice industry from out-of-state to locate in the region. The Council also acts as coordinator for various economic and workforce development activities and programs in the four-parish area. The Council is supported primarily through unrestricted grants from the local governments within the four-parish area it serves, grants from the State Government of Louisiana and by unrestricted support received from local private industry. Governmental grants comprised approximately 54% of total unrestricted revenue and support for the year ended December 31, 2002.

2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies:

- a) Basis of Accounting. The Council uses the accrual basis of accounting for revenues and expenses.
- b) Property and Equipment. Property and equipment are recorded at historical cost and are depreciated on the straight-line method over their estimated useful lives as follows:

Office equipment	3-7 years
Leasehold improvements	10 years
Vehicles	5 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the year ended December 31, 2002 totaled \$11,165.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

- c) Accumulated Vacation and Sick Leave. Vacation does not carryover to future years, but sick leave does carryover. All full time employees earn one day of sick leave per month worked which may be accumulated and carried forward from year to year up to a maximum of 240 hours or 30 days. Accumulated sick leave is not payable to employees upon termination and is therefore not accrued.
- d) Advertising Costs. Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Advertising costs incurred and charged to operations was \$25,125 for the year ended December 31, 2002.
- e) Income Taxes. The Council is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for income taxes have been made in the financial statements.
- f) Cash and Cash Equivalents. For purposes of the statement of cash flows, short-term investments having original maturities of three months or less when purchased are considered to be cash equivalents. The Council did not have any cash equivalents at December 31, 2002.
- g) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h) Accounting for Contributions Received. The Council follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor or grantor restrictions. During 2002, the Council did not receive any restricted contributions.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

- i) Financial Statement Presentation. The Council follows the guidance of SFAS No. 117, "Financial Statements on Not-for-Profit Organizations." Under SFAS No. 117, the Council is required to report information regarding its activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2002 the Council had no temporarily restricted net assets or permanently restricted net assets.

3) Concentration of Credit Risk

The Council maintains bank accounts at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2002, amounts on deposit at the bank exceeded FDIC insurance by approximately \$68,600.

4) Funding

The Council receives funding primarily through grants and contracts from local governments and corporations, and from governmental and corporate sponsorships for economic development and training seminars hosted by the Council.

Governmental grants were received from the following sources during the year:

State of Louisiana, Department of Labor	\$	3,833
State of Louisiana, Department of Economic Development		135,779
Greater Lafourche Port Commission		5,000
Lafourche Parish		10,000
St. Mary Parish		25,000
Terrebonne Parish		25,000
	\$	<u>204,612</u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

5) Allocation of Expenses

The cost of providing various activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

6) Deferred Compensation Plans

Employees of the Council have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (tax sheltered annuities). The Council has the responsibility for withholding and remitting contributions from participants to the plan. There is no (zero) matching contribution requirement for the Council. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

7) Contributed Facility

The Council received an in-kind contribution, estimated by management to amount to approximately \$9,100 annually, for office space rentals during the year from Nicholls State University at no cost to the Council. The estimated fair value of this facility is reported as unrestricted support and expense in the period in which the facility was used.

8) Supplemental Disclosures of Cash Flow Information

The Council paid no interest expense or income taxes for the year ended December 31, 2002.

9) Leased Vehicle

The Council leased a vehicle under a non-cancelable two year operating lease on November 30, 2001. The Council paid 100% of the cost of the lease in advance. The portion of lease cost related to the current year is charged to operations, and the portion of the lease cost applicable to future periods is included on the balance sheet as a prepaid auto lease.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

10) Prepaid Printing

During the year ended December 31, 1996, the Council purchased prepaid specialized printing services from the South Central Planning Commission. As services are rendered to the Council the prepaid amount is credited. The original amount of the contract was \$5,000 and the balance at December 31, 2002 is \$3,750. None of the prepaid printing services were used during the year ended December 31, 2002.

11) Economic Dependence

The Council receives a substantial portion of its funding from a limited number of sources. Should one or more of these sources withdraw funding, the Council would not be able to sustain operations as it is presently structured.

12) Related Parties

The Council entered into an agreement to provide administrative, secretarial, support, and payroll services, to the LA 1 Emergency Coalition, a not for profit entity whose mission is to improve the condition of Louisiana Highway 1 in lower Lafourche Parish to Port Fourchon, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for unreimbursed time and expenses during the year ended December 31, 2002. The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to Restore or Retreat, Incorporated, a not for profit entity whose mission is to build a local-regional, public-private sector, joint community effort for the growth and prosperity of the Bayou Region, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for unreimbursed time and expenses during the year ended December 31, 2002.

See note thirteen (13) below for a description of a related party transaction between SLEC and its executive director.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

13) Agency Transactions

In order to promote economic development for the community, the Council acted as an agent to facilitate a portion of Nicholls State University's contractual obligation with the National Football League's New Orleans Saints. The purpose of the University's contract was to provide a training facility for the team. In return for conducting training exercises at Nicholls, the Saints required certain concessions and remuneration. Part of the contract included an obligation on the part of the university to lease a luxury box suite at the New Orleans Superdome. The Council facilitated this arrangement by raising funds from local businesses for this specific purpose. The Council collected \$83,427 from these businesses and paid \$100,081 to the New Orleans Saints for this luxury box suite. The Council did not have authority to vary the use of the funds. All of the funds received and owed for this purpose were used for the purpose they were donated.

The contract for suite rental was executed under the name of SLEC's executive director individually. SLEC is not a party to suite lease contract, however, SLEC facilitated the transaction by collecting funds from the various parties involved and remitting the funds to the Saints in satisfaction of the contract terms.

14) Restatement of Net Assets

Net assets at December 31, 2001 were restated to recognize that compensated absences accrued did not vest. SLEC has no obligation to pay accumulated compensated absences upon employee terminations. The effect of this adjustment was to increase unrestricted net assets by \$18,315 at December 31, 2001.

SUPPLEMENTARY INFORMATION SECTION

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.Schedule of Expenses
Year Ended December 31, 2002

	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Automobile expenses	\$ 8,912	\$ -	\$ 8,912
Bank charges	-	40	40
Consultant fees	40,999	-	40,999
Depreciation	6,753	4,412	11,165
Donations	-	125	125
Dues and subscriptions	13,901	147	14,048
Insurance	-	30,922	30,922
Maintenance	-	1,536	1,536
Meeting expense	14,626	779	15,405
Miscellaneous	-	5,288	5,288
Office expense	-	10,349	10,349
Payroll taxes	5,492	6,761	12,253
Postage	-	2,352	2,352
Printing	2,106	1,708	3,814
Professional fees	3,605	10,385	13,990
Rent expense for contributed facility	4,914	4,186	9,100
Salaries	71,284	85,507	156,791
Seminar/conference sponsorship	16,654	-	16,654
Telecast production and advertising	25,125	-	25,125
Telephone	3,727	7,000	10,727
Training programs	-	985	985
Travel	31,692	194	31,886
	<u>31,692</u>	<u>194</u>	<u>31,886</u>
Total expenses	<u>\$ 249,790</u>	<u>\$ 172,676</u>	<u>\$ 422,466</u>

See notes to financial statements.

SUPPLEMENTARY FINANCIAL REPORTS

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CLAUDE E. BERGERON, CPA
(RETIRED)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana

We have audited the financial statements of South Louisiana Economic Council, Inc. (a non-profit organization) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether South Louisiana Economic Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Louisiana Economic Council, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management and regulatory agencies and it is not intended to be and should not be used by anyone other than the specified parties.

Buggeon & Lannan

June 4, 2003

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2002

We have audited the financial statements of South Louisiana Economic Council, Inc. as of and for the year ended December 31, 2002, and have issued our report thereon dated June 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2002 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness Yes XX No

Reportable Conditions Yes XX No

Compliance:

Compliance Material to Financial Statements Yes XX No

b. Federal Awards - Not applicable, there were none.

c. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Not applicable

Section II Financial Statement Findings

There were none noted.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/ Partial Corrective Action Taken
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Section I -- Internal Control and Compliance Material to the Financial Statements

There were none for the year ended December 31, 2001.

Section II -- Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III -- Management Letter

1	2001	<u>SAINTS CONTRACT</u> A contract did not exist between SLEC and the New Orleans Saints.	Yes	
2	2001	<u>MEETINGS</u> The Council's board did not meet quarterly as stated in its bylaws.	Yes	

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE PROGRAM-SPECIFIC AUDIT OPTION UNDER TITLE 34, PART V, OF THE
LOUISIANA ADMINISTRATIVE CODE

Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana

We have audited the financial statements of the South Louisiana Economic Council, Inc. (a non-profit organization) for the year ended December 31, 2002, and have issued our report thereon dated June 4, 2003. Our examination was made in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the U.S. General Accounting Office, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the South Louisiana Economic Council, Inc., is responsible for the company's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records from the state contract, numbers 252-02038 and 252-300151. The purpose of our testing of transactions and records from that contract was to obtain reasonable assurance that the South Louisiana Economic Council, Inc. had, in all material respects, administered the contract in compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of contract expenditures.

In our opinion for the year ended December 31, 2002, the South Louisiana Economic Council, Inc. administered the state contract numbers 252-02038 and 252-300151 in compliance, in all material respects, with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of contract expenditures.

Bergeron & Lanaux

June 4, 2003